

INFORMATION PAPER

CFO ISSUES - FY 2000 AUDIT

Issue: Sponsor Escrow Accounts and Cost Shared Projects

References:

- 1) USAAA Report FY 96 Financial Statements, U.S. Army Corps of Engineers, Civil Works, AA 97-136 of 28 Feb 1997, Finding D, Pages 53-56.
- 2) ER 37-2-10, Accounting and Reporting Civil Works Activities, published 01 Apr 69.
- 3) ER 1165-2-30, Acceptance and Return of Required, Contributed, or Advanced Funds, originally published 31 Dec 1997 and Change 1, 30 Oct 1998.
- 4) ER 1165-2-131, Local Cooperation Agreements for New Start Construction Projects, originally published 15 Apr 1989.
- 5) CECC-ZA memorandum of 8 Oct 1997, subject: Escrow agreements in Support of Agreements Other than Project Cooperation Agreements.

Description:

Unobligated funds for long-term reimbursable accounts should be placed into escrow accounts so that they may earn interest prior to use. Project reports on cost shared projects should be provided to customers.

Requirements for Compliance:

Standard: Sponsors may earn interest on their unused funds for multi-year projects. Escrow accounts should be established for sponsor funds. References 3 and 4 provide examples of model escrow agreements. Reference 5 delegates authority to Division Counsel (and permits further delegation to District level) to establish and approve escrow accounts. Project reports to sponsors on cost shared projects should be provided at least quarterly. The final accounting report format should be used to transfer project costs to the sponsor's contributed funds account.

Field Actions: Districts need to conduct surveys to determine extent to which reports are furnished to customers and escrow accounts are established. Provide quarterly status reports to customers (non-federal) on status of funds.

Self-Assessment Rating Criteria: Green (Compliant) For every project in excess of \$100,000 an escrow account must be established or written documentation from the sponsor must indicate that the sponsor elects not to establish an escrow account.

HQUSACE Actions: Follow-up and review. Determine whether divisions have implemented status reports and whether reports are beneficial to project managers and sponsors.

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Estimated Completion Date: 31 Jan 00

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